

SELECTION AND EXECUTION POLICY

This document describes the selection and execution policies and measures taken to obtain the best possible result when CPRAM manages portfolios.

It also defines the measures taken to monitor the efficacy of provisions for order execution and the related policy, to detect any deficiencies and correct these if required.

1 – CONTEXT AND REGULATORY FRAMEWORK

CPR AM is an institution approved by the AMF (French financial markets authority) as a portfolio management company permitted to trade all financial instruments covered by Section C “Financial Instruments” of Annex I of the Directive 2014/65/EU.

1.1 Context

The Markets in Financial Instruments Directive (Directive 2014/65/EU, known as MiFID II) and regulation (MiFIR) aim to revise the MiFID directive and represent a major step forwards to take into account financial market developments, mainly designed to improve security, transparency and the functioning of financial markets and to reinforce protection of investors.

The requirement for best execution of orders, pursuant to MiFID, is an essential part of this and aims to promote both overall market efficiency and obtaining, at an individual level, the best possible result when an Investment Services Provider (ISP) acts on behalf of its clients. The MiFID II directive reinforces the obligation to obtain the best possible result when executing an order, requiring strengthened measures from authorised ISPs; it also provides for greater transparency through publication of information about the five main intermediaries and the quality of execution obtained.

1.2 Reference texts

The new regulatory framework comprises:

- MiFID II directive: Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 – Art. 24 (1) and 27
- MiFIR regulation: Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 – Art. 26

The MiFIR regulation, alongside “level 2” texts in the form of delegated regulation or technical regulatory standards, applies directly.

1.3 MiFID Classification

When it acts in the name of and on behalf of its clients, CPR AM has generally opted for the status of “professional client” in relation to its intermediaries, in order to receive on their behalf a sufficient level of protection, particularly as regards execution quality for its orders..

1.4 General principles for best execution

The requirement for best execution is defined in Article 27(1) of the MiFID II directive as the obligation to “...take all sufficient steps to obtain, when executing orders, the best possible result for their clients...”.

In line with this article, the best possible result is determined based on seven main categories of factors: “price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order”.

If CPR AM gives specific instructions when placing orders, CPR AM is informed that AMUNDI INTERMEDIATION is released from the best endeavours obligation that results from application of this execution policy. If CPR AM’s instruction only concerns a part or aspect of the order, AMUNDI INTERMEDIATION is again subject to the best endeavours obligation for the part of the order that is not covered by the instruction.

2 – POLICY FOR SELECTION OF INTERMEDIARIES

2.1 Selection objective and procedure

Because of its status as an asset management company, CPR AM has no access to financial markets. In order to achieve the objective of best possible execution, CPR AM has chosen to use, for the transmission and execution of its orders, AMUNDI INTERMEDIATION, an investment firm authorised by the ACPR (French prudential control and resolution authority) to provide services involving Reception and Transmission of Orders (RTO) and order execution for third parties involving all financial instruments covered by Section C “Financial instruments” of Annex I of Directive 2014/65/EU.

As an ISP providing services involving RTO and order execution for third parties, AMUNDI INTERMEDIATION has its own selection and execution policy, accessible via : https://www.amundi.fr/fr_instit/Local-content/Footer/Quick-Links/Informations-reglementaires/Amundi-Intermediation

2.2 Selection – Brokers committee

A master (“CADRE”) list, established by AMUNDI INTERMEDIATION, is referenced by instrument class and includes all the best-performing intermediaries on each financial instrument class according to criteria and methodologies described in its selection and execution policy.

The CADRE list is presented by the head manager of AMUNDI INTERMEDIATION at the Selection - Broker committee meetings, chaired by CPR AM’s Chief Investment Officer.

After reviewing the statistics on order volumes handled over the relevant period and presenting the vote result based on the predefined criteria, a proposed allocation of trading flows is presented to the Selection - Brokers committees for approval.

CPR AM uses the list of intermediaries proposed by AMUNDI INTERMEDIATION. The list of the 5 main intermediaries selected and counterparties used for each type of financial instrument is published annually by AMUNDI INTERMEDIATION and accessible using the following link : https://www.amundi.fr/fr_instit/Local-content/Footer/Quick-Links/Informations-reglementaires/Amundi-Intermediation

3 – EXECUTION POLICY

3.1 Scope of financial instruments covered

All financial instruments covered by the MiFID II directive that are traded by intermediaries in the financial markets.

3.2 Scope of clients covered

This execution policy is established for CPR AM's professional and non-professional clients.

3.3 Scope of selected venues of execution

CPR AM has chosen to use AMUNDI INTERMEDIATION for RTO and order execution services. As such, through AMUNDI INTERMEDIATION's selection and execution policy, it has access to all trading venues that could provide best execution of orders.

Orders will be directed based on the best conditions for completion offered, to either Regulated Markets (RM), Swaps Execution Facilities, Multilateral Trading Facilities (MTF), Organised Trading Facilities (OTF), Systematic Internalisers (SI) or any service provider that could provide the best possible conditions in a bilateral (OTC) context.

The types of places of execution by Financial Instrument class and the strategy applied by AMUNDI INTERMEDIATION to obtain the best possible execution are described in Annex 1.

CPR AM expressly authorizes AMUNDI INTERMEDIATION to execute an order outside a RM, MTF or OTF. However, CPR AM can withdraw this authorization at any time, on an occasional or definitive basis.

3.4 Execution

All measures are taken so that order execution takes place in CPR AM's best interests and focuses on the integrity of the market, taking into account stated criteria such as price, liquidity, speed, cost, etc. depending on their relative importance based on the various types of orders sent by the client.

The execution matrix by type of financial instrument (cf. Appendix 1) details the factors and execution criteria for each of these asset classes.

If AMUNDI INTERMEDIATION receives orders that are in the same direction, on the same terms and for the same value from its clients from its clients, it does not group them.

However, AMUNDI INTERMEDIATION may exceptionally group orders where clients' interests are upheld, in accordance with the conditions set out by the current regulations.

3.5 Arrangements of orders transmission to AMUNDI INTERMEDIATION

To send its orders to AMUNDI INTERMEDIATION and ensure their traceability, CPR AM uses its internal order transmission system: "MCE" (electronic order book).

In the event of a malfunction of its system, AMUNDI INTERMEDIATION will notify CPR AM of the system failure and advise on the alternative measures in line with the current Business Continuity Plan.

3.6 Reports and statements

The execution feedback is included in the MCE order transmission system once the order is finalized and immediately made available to CPR AM's Middle Office, which then verifies the transaction confirmation sent by the intermediary.

3.7 Exécutions partielles et agrégation

In cases of partial execution or aggregation of orders, AMUNDI INTERMEDIATION, in accordance with the regulations in force, will allocate execution pro rata for the initial orders, sent by CPR AM, while adhering to any minimum shares per instrument. This allocation is done via an algorithm within the MCE.

4 – REGULAR MONITORING, CONTROLS AND REVIEW OF THE SELECTION AND EXECUTION POLICY

4.1 Justification of best execution

In accordance with the regulations, CPR AM retains for five years evidence of application of the execution policy for each of its orders and can communicate it on request.

4.2 Controls

At all times, CPR AM has access to all information relating to executions of orders negotiated by AMUNDI INTERMEDIATION, allowing it to verify, if necessary, the adequacy of the service provided by AMUNDI INTERMEDIATION and its compliance with the execution policy.

Each month, CPR AM receives from AMUNDI INTERMEDIATION a report containing statistics by Financial Instrument class:

- on the volume of orders negotiated for each month of the current year
- on the numbers of orders executed by brokers
- on the monitoring of best execution in accordance with AMUNDI INTERMEDIATION's execution policy.

On the basis of this report and the provided information, CPR AM is able to put in place the controls that it deems necessary.

Le comité courtiers et contreparties de CPR AM se réunit périodiquement afin :

- de suivre l'évolution de l'activité
- d'évaluer la prestation de la table de négociation Amundi Intermédiation
- de valider formellement les courtiers et intermédiaires sélectionnés.

4.3 Selection and execution policy review

At any time, on proposal of one or the other, CPR AM and AMUNDI INTERMEDIATION may re-examine the conditions and measures for order execution (trading venues, criteria, systems, etc.) in order to obtain the best possible result for clients. This review takes place at least once a year.

All major changes in AMUNDI INTERMEDIATION's offering (substantial change in pricing, sudden deterioration in the execution facilities that may take various forms such as limitation of the scope of securities traded, discontinuation of access to a market, restructuring that could entail significant operational risks, etc.) trigger a review of CPR AM's selection and execution policy.

If there are changes, the updated version will be directly accessible on the internet and constitutes notification by CPR AM of its clients.

APPENDIX 1
(Execution matrix by type of financial instrument)

Financial Instruments	Classification of venue(s) of execution (*)	Strategy to obtain the best possible execution & selection of Intermediaries	Factors & criteria followed / prioritised
EQUITIES			
Equities	RM, MTF, SI	Orders are transmitted via selected intermediaries (cf selection policy) by direct electronic connection i.e. via trading platforms (algorithms, DMA)	Price, liquidity, speed, cost according to the type of order sent by the client (**)
ETF (equities, debt & commodities)	RM, MTF, OTC	The orders are: - subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via electronic trading systems - or sent to selected intermediaries (if there is sufficient liquidity on a RM)	Price, liquidity, speed, cost according to the type of order sent by the client (**)
Warrants, rights, equity-linked notes, bills, certificates, CFD etc.	RM, OTF, OTC	The orders are sent to: - selected intermediaries (if there is sufficient liquidity on a RM) - or subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client(**)
BONDS and MONEY MARKET INSTRUMENTS			
Sovereign bonds (French treasury bonds or OAT, sovereigns agencies supranationals, covered bonds, treasury bonds etc.)	RM, MTF, OTF, SI, OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Private bonds (financials or companies etc.) regardless of the issuers' ratings	RM, MTF, OTF, SI, OTC	Request-for quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Convertible bonds	RM, OTC, OTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client (**)
Tradeable certificates of deposit (CDs), commercial paper (CP), short-term sovereign securities etc.	OTC, OTF, MTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity

Financial Instruments	Classification of venue(s) of execution (**)	Strategy to obtain the best possible execution & selection of Intermediaries	Factors & criteria followed / prioritised
FUTURES and OTHER LISTED DERIVATIVES			
Futures (Futures contracts for equity indices, baskets of equity or debt, interest-rate swaps or indices, forex, etc.)	RM, OTC	The orders are sent to: - selected intermediaries (if there is sufficient liquidity on a RM) - or subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client (**)
Futures options (Futures contracts for equity indices, baskets of equity or debt, interest-rate swaps or indices, forex, etc.)	RM, OTC	The orders are sent to: - selected intermediaries (if there is sufficient liquidity on a RM) - or subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client (**)
OTC derivatives (except forex)			
Credit derivatives for a single issuer, index or tranche of index (Index options, ITRAXX, CDX, etc.)	MTF, SEF, OTF, SI, OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Other OTC derivatives (interest-rate swaps, inflation swaps, swaptions, cap & floor, etc.)	MTF, SEF, OTF, SI, OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
FOREIGN EXCHANGE			
Spot	OTF, OTC, MTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Forwards, swaps	OTF, OTC, MTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Options	OTF, OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity

Financial Instruments	Classification of venue(s) of execution (*)	Strategy to obtain the best possible execution & selection of intermediaries	Factors & criteria followed / prioritised
SECURITIES FINANCING TRANSACTIONS			
Lending / borrowing	OTC, MTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by counterparties accessible via alternative trading systems or via the responses to IOI (indications of interest)	Price, liquidity
Repo / Reverse repo	OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) or responses to IOI (indications of interest).	Price, liquidity
PACKAGES			
Linked orders involving a combination of interventions, often in opposite directions, in various instruments or types of instruments (arbitrage, assets + hedging, more complex rebalancing etc.)	RM, MTF, OTF, SI, OTC	Tailored execution strategy for each package determined by the trader taking into account the individual characteristics of each instrument and overall liquidity of the group	Price, liquidity

(*)

RM: Regulated market (e.g. NYSE Euronext, LSE, etc.)

MTF (or SMN for Système Multilatéral de Négociation): Multilateral Trading Facility, which is a system used by an investment services provider or market company to organise the confrontation of buy/sell orders on Financial Instruments, without having the quality of a regulated market. (E.g. Chi-X, Turquoise, etc.)

SI: Systematic Internaliser, which executes client orders outside RMs and MTFs by acting directly as a counterparty and committing its equity capital,

SEF: "Swap Execution Facility", an electronic platform which the US regulations, the "Dodd-Frank Act", require to be used for some types of OTC derivatives processed for accounts of "US persons"

OTF (or SON for Système Organisé de Négociation): Organised Trading Facility, which is a new category of trading system/platform introduced by MIFIR where bond products, structured products, issuance quotas and derivatives excluding equities and similar instruments (certificates, ETF) can be traded

OTC (Over The Counter): Over-the-counter market

(**)

The types of order and associated execution criteria are described in the following table:

Order type	Price objective or Benchmark	Criteria
Discretionary (à discrétion)	Entry price (last quotation)	Price - Liquidity
Discretionary (soignant)	AVWAP (volume-weighted average price)	Price - Liquidity
Market order	Entry price (last quotation)	Speed - Liquidity
Limit	Limit	Liquidity - Cost
Opening	Opening	Liquidity - Cost
Closure	Closure	Liquidity - Cost